GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:498
ANSWERED ON:07.04.2017
Growth Rate of GDP
Rao (Avnthi) Shri Muthamsetti Srinivasa

Will the Minister of FINANCE be pleased to state:

(a) whether the lay-offs resorted to by the Micro, Small and Medium Enterprises (MSMEs) sector to manage the cash shortage has hit the Gross Domestic Product (GDP) growth and if so, the details thereof;

(b) whether the economy grew at over 7 per cent during the third quarter of the financial year as per the Government''s sources; and

(c) if so, the efficacy of GDP estimation on the well being of citizens?

Answer

FINANCE MINISTER
(SHRI ARUN JAITLEY)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA
STARRED QUESTION NO. 498 BY SHRI MUTHAMSETTI SRINIVASA RAO (AVANTHI) DUE FOR ANSWER ON APRIL 7, 2017

(a) There is no comprehensive survey-based information about the change in the employment levels in micro, small and medium enterprises (MSMEs) post demonetization, and its impact on the growth of Gross Domestic Product (GDP). GDP growth rate is affected by a number of factors including the output and value addition in different sectors of the economy including MSMEs, investment rate, exports, taxes collected and subsidies provided by the Government, etc.

(b) As per the quarterly estimates of GDP released by the Central Statistics Office, the growth rate of GDP at constant (2011-12) prices for the third quarter of 2016-17 is 7.0 percent.

(c) GDP is the monetary value of all goods and services produced in the economy, estimated without double counting. The primary purpose of GDP estimation is to facilitate economic analysis, decision-taking and policy formulation. The System of National Accounts (SNA) 2008 mentions that it makes "no claim that GDP should be taken as a measure of welfare and indeed there are several conventions in the SNA that argue against the welfare interpretation of the accounts". An individual's welfare is not determined by economic factors alone, but also by subjective factors like personal and family circumstances, satisfaction derived from employment and quality of health. Quantifying the welfare impact of these factors is outside the ambit of GDP estimation.
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